

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 118 - HB 490

May 4, 2021

**SUMMARY OF ORIGINAL BILL:** Creates the Tennessee Medical Cannabis Commission (Commission) to study laws regarding medical cannabis and prepare legislation to establish a medical cannabis program in this state. Requires the Commission to appoint an Executive Director. Attaches the Commission to the Department of Health (DOH) for administrative purposes.

Requires the Commission to submit a report of its findings and recommendations to the Chief Clerks of the Senate and House of Representatives, and to the Legislative Librarian by January 1 each year, beginning in 2022.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$302,700/FY21-22  
\$288,800/FY22-23  
\$287,800/FY23-24 and Subsequent Years

**SUMMARY OF AMENDMENTS (008147, 008234):** Amendment 008147 deletes all language after the enacting clause. Creates the Tennessee Medical Cannabis Commission (Commission) to study laws regarding medical cannabis and to prepare legislation for the establishment of a medical cannabis program in this state. Requires the Commission to consider the development of a recommended standard of care which includes qualifying medical conditions, treatment methods, all patient medical history, alternative modalities, dosing recommendations and drug interactions and contraindications related to medical use of cannabis. Requires that anyone licensed to dispense medical cannabis must consider and adopt a policy appropriate to the standard of care recommended by the Commission.

Requires the Commission to be made up of three appointed members each by the Speaker of the Senate and House and by the Governor for a total of nine Commission members. Requires the Commission members to be composed of experts in certain relevant fields of study and to be diverse candidates which reflect the population of this state. Prohibits any member from acquiring an economic interest in a business enterprise devoted to medical or recreational cannabis including hemp during the member's term on the Commission.

Requires at least five members of the Commission to be present to constitute as a quorum and requires five affirmative votes from the members for adoptions or recommendations to be reported out of the Commission. Requires the Commission to appoint an Executive Director.

Attaches the Commission to the Department of Health (DOH) for administrative purposes. Requires the Commission to include a strategy, with its recommendations for self-sufficiency, for repaying the General Fund for any appropriations it receives during establishment.

Requires the Commission to submit a report of its findings and recommendations to the Chief Clerks of the Senate and House of Representatives, and to the Legislative Librarian by January 1 each year, beginning in 2022.

Excludes from the definition of marijuana, oil containing the substance cannabidiol, with less than nine-tenths of one percent (0.9%) of tetrahydrocannabinol if printed on the bottle's label is the inclusion of the manufacturer's name and the expiration date, batch number or lot number, and tetrahydrocannabinol concentration strength of the oil; and requires the person in possession of the oil to retain a dated letter of attestation as proof from their bona fide licensed doctor or doctor of osteopathic medicine that the person or the person's immediate family member has been diagnosed with at least one qualified medical health disease or condition. Specifies that the letter of attestation is only valid for six months.

Amendment 008234 deletes and replaces language in the bill as amended by amendment 008147 to specify the oil be contained in a child-proof packaging that is labeled.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:**

### **Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- The Commission will consist of 9 non-legislative members.
- Members of the Commission are authorized to receive reimbursement for travel expenses to attend meetings.
- The average miles travelled per member is estimated to be 234 miles roundtrip, for a total reimbursement of \$110 per meeting.
- Prior to March 1, 2023, the Commission will meet once every two months; afterwards, meetings can be held anytime necessary. It is assumed the Commission will meet quarterly.
- Six meetings will be held in FY21-22, five meetings will be held in FY22-23, and four meetings will be held annually in FY23-24 and subsequent years.
- An increase in state expenditures of \$5,940 (\$110 x 9 members x 6 meetings) in FY21-22.
- An increase in state expenditures of \$4,950 (\$110 x 9 members x 5 meetings) in FY22-23.
- An increase in state expenditures of \$3,960 (\$110 x 9 members x 4 meetings) in FY23-24 and each year thereafter.

- The proposed legislation requires the Commission to appoint an Executive Director to act as the chief administrative officer, who will research and examine laws and oversee the recommendations of proposed legislation to the General Assembly.
- It is assumed that the Director will be paid as the equivalent position of a Senior Administrative Law Judge under the Secretary of State.
- The annual cost of a Senior Administrative Law Judge position is \$110,282 (\$88,788 salary + \$21,494 benefits).
- The Commission will also employ one General Counsel 1 position and one Executive Assistant position.
- The annual cost of a General Counsel 1 position is estimated to be \$91,923 (\$73,044 salary + \$18,879 benefits).
- The annual cost of an Executive Assistant position is estimated to be \$51,930 (\$38,748 salary + \$13,182 benefits).
- The recurring increase in state expenditures associated with the new positions is estimated to be \$254,135 (\$110,282 + \$91,923 + \$51,930).
- The DOH will incur an increase in state expenditures associated with providing administrative support to the Commission.
- The total one-time increase in state expenditures to the DOH is estimated to be \$12,900 [(\$1,600 computer costs + \$2,700 office furniture) x 3 positions] in FY21-22.
- The total recurring increase in state expenditures to the DOH is estimated to be \$29,700 [(\$7,900 administration fee + \$1,400 communications + \$600 supplies) x 3 positions].
- A total increase in state expenditures of \$302,675 (\$5,940 reimbursement + \$254,135 positions + \$12,900 office equipment + \$29,700 administrative support) in FY21-22.
- A total increase in state expenditures of \$288,785 (\$4,950 reimbursement + \$254,135 positions + \$29,700 administrative support) in FY22-23.
- A total increase in state expenditures of \$287,795 (\$3,960 reimbursement + \$254,135 positions + \$29,700 administrative support) in FY23-24 and subsequent years.
- Tenn. Code Ann. § 39-17-402(16)(A) defines marijuana as all parts of the plant cannabis, whether growing or not; the seeds of the plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, including concentrates and oils, its seeds or resin.
- Pursuant to Tenn. Code Ann. § 39-17-415(a), marijuana is a Schedule VI drug.
- Pursuant to Tenn. Code Ann. § 39-17-417, it is an offense to manufacture, deliver, sell, or possess a controlled substance.
- Excluding from the definition of “marijuana” oil containing the substance cannabidiol, with less than nine-tenths of one percent (0.9%) of tetrahydrocannabinol if printed on the bottle’s label is the inclusion of the manufacturer's name and the expiration date, batch number or lot number, and tetrahydrocannabinol concentration strength of the oil; and requiring the person in possession of the oil to retain a dated letter of attestation as proof from their bona fide licensed doctor or doctor of osteopathic medicine that the person or the person's immediate family member has been diagnosed with at least one qualified medical health disease or condition will not result in a significant fiscal impact.
- It is assumed that doctors in Tennessee are not currently prescribing illegal controlled substances in violation of state law, therefore authorizing the possession and use of

cannabis or its derivatives under such circumstances will not result in a significant impact to the Tennessee Department of Correction or local jails.

- The proposed legislation will not result in a significant impact to the Department of Health.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/vh